

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. C-10-147

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

LENDXFINANCIAL, LLC,
NMLS&R NO. 47814

ORDER NO. C-10-147-10-HG01

RESPONDENT

To:

Ronnie Eckland
LendXFinancial, LLC
1155 Perimeter Center
West #600
Atlanta, GA 30338

Karyn Tierney
Staff Attorney
Arkansas Securities Department
201 East Markham
Suite 300
Little Rock, AR 72201

NOTICE OF HEARING

1. On July 14, 2010, the Staff of the Arkansas Securities Department ("Staff") filed its Request for Revocation or Suspension of License and for Hearing ("Request") which is attached hereto as Exhibit A. In its Request, the Staff alleges that LendXFinancial, LLC ("LendXFinancial") failed file audited financial statements and an annual report of mortgage activity with the Department and that the license of LendXFinancial should be revoked pursuant to Ark. Code Ann. §§ 23-39-514(a)(1) and (a)(2)(B).

2. Pursuant to Ark. Code Ann. § 23-39-514(e) and (j), LendXFinancial is entitled to prior notice and the opportunity for a hearing on the matters of fact and law asserted in the Staff's Request. Such hearing shall be governed by the Arkansas Administrative Procedures Act, §§ 25-15-201 through 225-15-218, and the Arkansas Fair Mortgage Lending Act, Ark. Code Ann., §§ 23-39-501 through 23-39-518. The matters of fact and law asserted against Allen Mortgage are detailed in the Request.


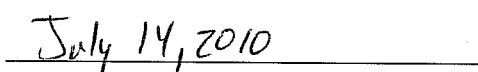
3. LendXFinancial and the Department are hereby notified that a hearing on the matters set forth in the Department's Request shall take place on **August 19, 2010, at 10:00 a.m. central time**, at the following location:

**Arkansas Securities Department
4th Conference Room
201 East Markham Street
Little Rock, AR 72201**

All requests or submissions in connection with the hearing, including any request to modify the date or time of the hearing; to participate telephonically rather than through personal appearance; or to waive the right to the hearing shall be submitted in writing to the Commissioner at the following address:

**Arkansas Securities Commissioner
201 East Markham, Suite 300
Little Rock, Arkansas, 72201**

4. At the hearing, the Staff shall present evidence supporting its Request that the mortgage banker and mortgage servicer license of LendXFinancial should be revoked or suspended. LendXFinancial and its attorneys will be given an opportunity to respond and present evidence on all issues presented at the hearing. All witness testimony taken at the hearing will be under oath in the presence of a court reporter.


A. Heath Abshire
Arkansas Securities Commissioner

Date

Notice Prepared By:

Karyn Tierney
Staff Attorney
Arkansas Securities Department
201 East Markham Street, Suite 300
Little Rock, Arkansas 72201
Arkansas Bar No. 2003120
Telephone: 501-324-9260

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. C-10-147

RECEIVED

10 JUL 14 PM 1:55

ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

LENDXFINANCIAL, LLC,
NMLS&R NO. 47814

RESPONDENT

REQUEST FOR REVOCATION OR SUSPENSION OF LICENSE AND HEARING

Comes now the Staff of the Arkansas Securities Department ("Staff"), by and through its attorney, Karyn Tierney, and for its Request for Revocation or Suspension of License and Hearing, states:

Administrative Authority

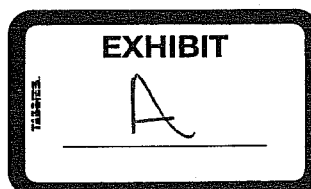
This matter is in connection with the revocation of a license to conduct business as a mortgage banker pursuant to the Arkansas Fair Mortgage Lending Act ("Act"), Ark. Code Ann. §§ 23-39-501 through 23-39-518 and is therefore properly before the Arkansas Securities Commissioner ("Commissioner").

Respondent

1. LendXFinancial, LLC ("LendX"), is a limited liability company organized and existing under the laws of Delaware, with its principal place of business located at 1155 Perimeter Center, West #600, Atlanta, GA 30338. LendX has been licensed as a mortgage banker by the Arkansas Securities Department ("Department") since February 11, 2009. LendX's mortgage banker license is scheduled to expire on December 31, 2010.

Findings of Fact

2. Each mortgage banker licensed by the Department is required to submit audited financial statements with the Department through the NMLS&R within ninety (90) days of the end of the licensee's fiscal year.



3. LendX's fiscal year ended on December 31, 2009. Therefore, LendX was required to file its audited financial statements by March 31, 2010. LendX failed to file its audited financial statements by the deadline.

4. The Staff contacted LendX through the NMLS&R on April 1, 2010, and attempted to contact LendX by certified mail on May 18, 2010, concerning the failure of LendX to file its audited financial statements by the March 31, 2010, deadline.

5. Each mortgage banker licensed by the Department is required to file an annual report of mortgage activity with the Department by March 31 of each year. LendX failed to file an annual report of mortgage activity with the Department by the deadline.

6. The Staff contacted LendX through the NMLS&R on April 14, 2010, and attempted to contact LendX by certified mail May 18, 2010, concerning the failure of LendX to file its annual report of mortgage activity in Arkansas by the March 31, 2010, deadline.

7. As of the date of this filing, LendX has failed to remit the required audited financial statements or the required annual report of mortgage activity to the Department.

8. Pursuant to Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B) the Commissioner may suspend or revoke the Arkansas mortgage banker license of LendX for failing to file its audited financial statements with the Department in violation of Ark. Code Ann. § 23-39-506(f) and Rule 5006-1(a)(6) of the Rules of the Fair Mortgage Lending Act, and for failing to file its annual report of mortgage activity with the Department in violation of Ark. Code Ann. §§ 23-39-506(a)(2)(A), Rule 5006-2 of the Rules of the Fair Mortgage Lending Act, and Commissioner's Order No. C-10-037-10-OR01. Specifically, LendX should have filed its audited financial statements and its annual report of mortgage activity with the Department no later than March 31, 2010.

9. Pursuant to Ark. Code Ann. § 23-39-514(b)(1)-(2), the Commissioner may impose a civil penalty against LendX that shall not exceed \$10,000.00 for each violation under the Act.

CONCLUSIONS OF LAW

10. The Act states that each licensed mortgage banker shall file within ninety days after the end of the mortgage banker's fiscal year end, audited financial statements that reflect that the licensee has a net worth of at least twenty-five thousand dollars. Ark. Code Ann. § 23-39-506(f).

11. The Act states that each licensed mortgage banker shall file an annual report of mortgage activity. Ark. Code Ann. § 23-39-506(a)(2)(A).

12. Rule 5006-2 of the Rules of the Fair Mortgage Lending Act states that each mortgage banker licensed in Arkansas at anytime during the reporting period shall file a report containing information regarding the licensee's mortgage activity in Arkansas by March 31 of the calendar year.

13. By Order No. C-10-037-10-OR01, titled In The Matter of: Arkansas Fair Mortgage Lending Act, Ark Code Ann. § 23-39-506(a)(2), the Commissioner ordered that each mortgage banker licensed under the Act must file an annual report of mortgage activity directly with the Department by March 31, 2010.

14. The Commissioner may by order deny, suspend, revoke, or refuse to issue or renew a license of a licensee if the Commissioner finds that the order is in the public interest and the licensee has violated or failed to comply with any provision of the Act, any rule adopted by the Commissioner, or any order of the Commissioner. Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B).

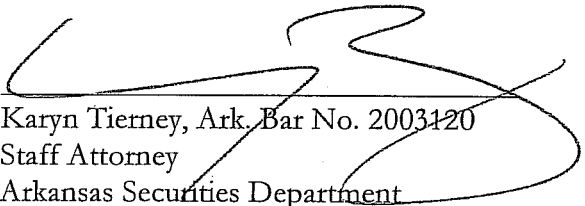
15. The Commissioner by order may impose a civil penalty that shall not exceed \$10,000.00 for each violation by a mortgage banker upon a licensee or partner, officer, director, member, manager, or other person occupying a similar status or performing a similar function on behalf of a licensee for any violation of the Act. Ark. Code Ann. § 23-39-514(b)(1) and (2).

REQUESTED RELIEF

For the reasons set forth herein, the Staff requests that a hearing be held to consider whether the mortgage banker license of LendX should be revoked or suspended, as well as the imposition of

a reasonable civil penalty, for LendX's failure to file its audited financial statement and its annual report of mortgage activity with the Department in violation of Ark. Code Ann. §§ 23-39-506(f) & 23-39-506(a)(2)(A), Rule 5006-2 of the Rules of the Fair Mortgage Lending Act, and Commissioner's Order No. C-10-037-10-OR01.

Respectfully Submitted,



Karyn Tierney, Ark. Bar No. 2003120
Staff Attorney
Arkansas Securities Department
201 East Markham Street, Suite 300
Little Rock, Arkansas 72201
Telephone: (501) 324-8671

Date

July 14, 2010